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92-55

A Paper for Course III: The National Security Policy Process

The National War College

20 December 1991

TO CLIP AN OSPREY'S WINGS

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Seminar I

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 20 DEC 1991		2. REPORT TYPE		3. DATES COVERED 20-12-1991 to 20-12-1991	
4. TITLE AND SUBTITLE To Clip an Osprey's Wings				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) National War College, 300 5th Avenue, Fort Lesley J. McNair, Washington, DC, 20319-6000				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT see report					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES 12	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

TO CLIP AN OSPREY'S WINGS

A graph of defense spending from 1976 to the middle of this decade describes a steep parabola of growth and decline. Defense budget outlays (measured in constant 1992 dollars) soared from \$215 billion a year at the start of the Carter administration to \$329 billion under President Reagan in 1986, a 53 percent increase in real buying power. But spending since has dropped to \$283 billion, and by 1996 (with roughly constant inflation) it will fall to \$240 billion. Never before in peacetime has there been a comparable surge and retreat.

STANDING DOWN: America's Military in Transition
The Washington Post
December 8, 1991

Old news? Maybe so, but it makes an understanding of how decisions affecting our national security strategy are made more important than before. Why? Because, if a military service is to compete effectively for a fair share of the smaller defense pie, it must sharpen its skills at bureaucratic politics. While bureaucratic politics may be a four letter word to some readers, it is a fact of life in any organization--military or civilian. Influence is wielded unevenly by individuals and organizations in a bureaucracy. Therefore, organizational success is ensured only by knowing how to influence the bureaucratic process which allocates the resources to carry out the national security strategy.

How can skills in bureaucratic politics be sharpened? One way is by examining lessons learned from case studies of the process of awarding major defense contracts. The case study chosen for use here is of the V-22 Osprey tiltrotor aircraft program. The Osprey's wings were first clipped by Secretary of Defense Cheney in April 1989, when he decided to reprogram FY89 long lead procurement money for the V-22 (but allowed the R&D program to continue).¹ Given the backdrop of the drastic decline in real buying power in the defense budget in the near term, it should not be surprising that the rationale cited for clipping the Osprey's wings was affordability and "relatively low priority

¹"Marine Air Boss Eyes Osprey Study", DEFENSE WEEK, January 8, 1990, pp6-7.

within the larger scope of our national defense needs."²

However, the Osprey still flies. Secretary Cheney has not succeeded in killing it to date. The story of the Osprey's development has as many twists as the road to the top of Pike's Peak. It is an example of how bureaucratic politics--writ large--function today in Washington.

In order to get our arms around the problem of understanding the Secretary's actions--and the subsequent reactions by the legislative branch--it is necessary to frame the case. Previous articles on bureaucratic politics point out that there appear to be rules or axioms that apply in bureaucratic politics, just as in any other game. Some of these axioms make a useful framework for examining the issues, people and organizations involved with the V-22 program. The three axioms that I believe to be most instructive in studying this case are:

- FIRST: *No issue is decided once and for all in bureaucratic politics.*
- SECOND: *All issues in dispute are more complex and multi-sided than they appear on the surface.*
- THIRD: *Whose position prevails can become more important than which position prevails.*³

FIRST AXIOM: NO ISSUE IS DECIDED ONCE AND FOR ALL IN BUREAUCRATIC POLITICS

As this paper is being written the clock is ticking on a mandate from the House Armed Services Committee wherein:

"The committee directs the Secretary of Defense to provide a program plan for continuation of the V-22 aircraft program, satisfying the objectives outline above, to the congressional defense committees by January 1, 1992."⁴

²Memorandum for Director Operational Test and Evaluation, et al., 16 August 1990, Subject: V-22 "Working Group" Meeting, from the Deputy Assistant Secretary of Defense (Legislative Affairs) (DASD(LA)). Note quotation marks enclosing "Working Group" were added by DASD(LA). This memo explicitly outlines the "general strategy on how to support the department's opposition to additional V-22 R&D and procurement funding."

³For a detailed explanation of these and other axioms of bureaucratic politics see the outstanding essay by Chris Jefferies, "Bureaucratic Politics in the Department of Defense: A Practitioner's Perspective," in David C. Kozak and James M. Keagle, eds., Bureaucratic Politics and National Security: Theory and Practice. (Boulder, CO: Lynne Rienner, 1988, pp116-119.

⁴House Armed Services Committee (HASC) Report 102-60, p146.

Additionally, Congress has directed in the FY92 National Defense Authorization and Appropriations Acts that almost \$800 million in funds be spent by the Department of Defense (DOD) on developing "new production representative aircraft which will have an objective to demonstrate the full operational requirements..." of the V-22. So it is apparent that, at least in the minds of the majority in Congress, the V-22 Osprey continues to be a national priority. Thus, after more than ten years of work on the program, the issue has not been decided once and for all. A look back at this aircraft program may be helpful to understand where the program is today and why the dust still has not settled from the political storm over it.

The history of the V-22 aircraft program can be traced back to the 1981 Paris Air Show. After seeing a successful demonstration of the XV-15 tiltrotor aircraft at the air show, then Secretary of the Navy John Lehman offered the Marine Corps his support to develop the XV-15 as the medium lift replacement (MLR) helicopter that the Corps had been looking for since 1968. Initially, the Deputy Chief of Staff (DC/S) of Marine Air turned down Lehman's offer as being too risky a technology to pursue at that time for the MLR helicopter. But, Lehman persisted and the Marine Corps was persuaded to buy into the program.

Thus, in December 1981 a formal joint rotorcraft project, the J VX program, was authorized by DOD. It was established as a four-service joint program and the Army was initially given the lead, but eventually relinquished executive service status to the Navy. Congress first funded the program in FY82 as part of the Reagan defense buildup. The Army stopped funding the program in FY85, having originally planned to buy 231 Ospreys. The Army took this action apparently because it felt that the V-22 development program threatened its \$42 billion Light Helicopter Experimental (LHX) program.⁵

In April 1983, a team arrangement of Bell-Boeing and Allison was awarded a contract to begin development of a tiltrotor aircraft. Then in May 1986, Bell-Boeing was awarded a fixed price incentive contract for full scale development of the V-22, with a scheduled completion date of June 1992. The contract price was slightly over \$1.7 billion. The first flight was originally scheduled for June 1988, but took place in March 1989--just one month before

⁵"Cheney Launches Second Phase of Aircraft Review; Focuses on LHX Viability", INSIDE THE PENTAGON, March 16, 1990, ppl.

Secretary Cheney took his initial action to kill the program.

The V-22 program, like every development program, begins with a requirement for a capability. The Marine Corps' requirement in this case is for a capability "to conduct amphibious warfare on short notice, at night, in adverse weather conditions, under emissions control from over the horizon (OTH) via air against distant inland targets."⁶ The six main Marine Corps mission criteria for the V-22 are:

- Ability to execute a surprise attack;
- True OTH assault capability;
- Rapid concentration of forces;
- Extraction of forces;
- High survivability; and
- Night/all-weather capability.⁷

This capability and the mission requirements are beyond the technological capability of the helicopter to fulfill completely.

While the Marine Corps came to have the primary interest in the development of the Osprey, the other services also stated a number of mission requirements for the Osprey. The Assistant Secretary of Defense (ASD) for Program Analysis and Evaluation (PA&E), Dr. David S.C. Chu, in January 1984 sent a memorandum to the ASD (Comptroller) in which he listed six primary missions and 26 potential future missions for the JVX (which became the V-22). He stated at least one primary mission requirement for each service and noted that, "There is no question that if the JVX airframe lives up to its potential, it could have significant applications to many more missions than those for which it is being developed." However, Dr. Chu was not as wholehearted a supporter of the V-22 as his memo suggests. In fact, Dr. Chu--who had recently been at the center of a bitter battle with the military services over the question of strategic mobility requirements--was working to cancel the V-22 program. John Lehman claims that he had to fight Dr. Chu every year on the V-22.⁸

⁶"Stable Vision", NAVY TIMES, January, 1991, pp14.

⁷"Top Marine Aviator Says Cheney Might Have Erred On V-22 Termination Decision", INSIDE WASHINGTON PUBLICATION, March 22, 1990, pp2.

⁸Statement of the Honorable Curt Weldon to the House Science and Technology Committee on July 17, 1990.

I requested an interview with Dr. Chu's office to discuss his reasons for opposing the V-22, but after an initial approval of the interview, it was canceled twice, with no reason given. Sources say that Dr. Chu's possible motivation for opposing the V-22 range from a sincere concern that the technology is just too risky, or it is more capability than is needed, to more personal reasons. Whatever his reasons, he has outlasted the other key players on the other side of the debate. It is not uncommon in our bureaucracy for a civil servant to outlast military officials and political appointees. When Secretary Cheney canceled the V-22 program, only 39 days after entering office, it appeared that Dr. Chu had won his long battle of opposition to the program after failing to convince the three previous Defense Secretaries.

However, the battle had just been joined. Key supporters in Congress began to mobilize opposition to the cancellation of the program. In discussions over the FY90 budget, members of the four Congressional defense panels and top DOD officials compromised and agreed a think tank study would determine the Osprey's fate.

The Institute for Defense Analyses (IDA) was tasked to conduct the cost and operational effectiveness analysis (COEA) of the V-22 and alternatives. IDA is a federally funded R&D center. The Office of the Secretary of Defense (OSD) formed an Executive Steering Group (ESG) to interface with the IDA study team. The ESG was chaired by a PA&E representative and had members from other offices in OSD, the Joint Staff, and the Department of Navy (DON).

However, before IDA reported back on its findings, PA&E, in a December 15, 1989 memorandum to the USD (Acquisition), concerning the study, stated: "This effort, however, will not affect the SECDEF's decision since the affordability and priority issues for a new production start will probably again prevail."⁹ Thus, many supporters of the V-22 Osprey had the sinking feeling that the playing field was not level for IDA's analysis. In fact though, when the five volume, classified study was delivered by IDA in April 1990 it supported the continuation of the Osprey aircraft program as the most cost effective and survivable alternative for all the missions studied!

The OSD response to the IDA study was to say the V-22 "remains

⁹"Marines Work Hill on Osprey's Behalf", DEFENSE WEEK, January 8, 1990, pp3.

unaffordable in today's budgetary climate."¹⁰ Congressional supporters of the Osprey, however, saw the IDA study as confirmation of what they had been saying all along. As a result of the study the Osprey gained additional supporters in Congress. Meanwhile, the ASD (Legislative Affairs) convened a meeting in OSD to "discuss general strategy on how to support the department's opposition to additional V-22 R&D and procurement funding." In a memorandum summarizing the results of the meeting, the following themes were announced as points to attack the V-22 on in discussions with Congress:

- It is too early to move into production;
- Expense/Cost (Can we afford "nice to have" weapons systems?);
- Lower defense priority/high constituent priority; and
- Not all programs work as well as advertised or as well as their champions would claim.¹¹

This strategy has not worked on Capitol Hill. In fact, the program continues to gain support in Congress, even while Marine Corps officials can only reply "We support the President's Budget" when asked about the Osprey. Many "natural coalitions" have formed to oppose Secretary Cheney, who continues to refuse to spend money that Congress appropriates for the V-22 program. The support is so strong on the Hill that the FY92 budget passed by Congress includes almost \$200 million more in funding for the Osprey than Bell-Boeing had indicated was currently needed.

Finally, the most recent chapter in this story has been reported by the publication INSIDE THE NAVY, in its December 9, 1991 issue. It reports that on December 3rd, a program budget decision was issued adding funds to the DON FY93 budget to reopen the CH-46 helicopter production line--that has been closed for 20 years--rather than fund production of the V-22. Building new CH-46s could push replacement of the original CH-46s out to the year 2000, even though the V-22 could replace the CH-46 sooner. The original CH-46 fleet will be more than 40 years old when the last aircraft is retired!

In conclusion, it appears that neither the executive nor the legislative branch intends to back down from their positions on the V-22 and a compromise

¹⁰Dr. Chu's testimony before the Senate Appropriations Defense Subcommittee, on the IDA V-22 COEA, July 19, 1990.

¹¹Memorandum for Director Operational Test and Evaluation, et al., from ASD(LA), 16 August 1990, subject: V-22 "Working Group" Meeting.

does not seem likely. After ten years and more than \$2.4 billion in development costs the issue is still not decided.

SECOND AXIOM: ALL ISSUES IN DISPUTE ARE MORE COMPLEX AND MULTI-SIDED THAN THEY APPEAR ON THE SURFACE.

Clearly, the issue is not as simple as Secretary Cheney's publicly stated reasons for clipping the Osprey's wings. In fact, Secretary Cheney admitted this in a statement to the Senate Armed Services Committee, when he said that he had "distilled" the V-22 decision down to a "problem of affordability and priority." What other sides of the issue lurk below the surface?

At this time, it is difficult to say, with certainty, what OSD's agenda is in this case. It may be, as in the case of the M-1 tank program, several years after the key players leave office until we find out if there is a V-22 "hidden agenda". However, my research shows the issue to indeed be complex and multi-sided. What follows then is an outline of as many sides of the issue as I can determine.

We first get a glimpse of just how complex and multi-sided an issue this can be from a recent series of articles published in THE WASHINGTON POST. For example, the article states:

"Cheney claims an all-time record as Defense Secretary for canceling or stopping production. At last count, he said, he has put an end to more than 100 systems..." Later it goes on to add:

"Pentagon officials say the weapons (being terminated) are based on 1970s-era technology and the 1990s should be a 'decade of development, more than of production,' as Defense Secretary Richard B. Cheney has put it." And, "...there's a very firm and unbending commitment to advanced technology."¹²

Interestingly, the CH-46, which Secretary Cheney has put in his FY93 budget, is 1950s-era technology, twenty years older than the "1970s-era technology" weapons that are being terminated from further production! Further, most aeronautical engineers believe that the CH-46 and CH-53A/D helicopters, which the V-22 was designed to replace, have been developed to the edge of their performance envelopes with existing technology, while tiltrotor technology is an alternative that offers tremendous development potential. How can OSD be

¹²"Standing Down: America's Military in Transition", THE WASHINGTON POST, December 8, 1991.

firmly committed to advanced technology and, yet, build a helicopter based on 1950s-era technology rather than the V-22?

The same POST article makes the point that defense officials defend expensive investment in R&D because it can result in commercial "spinoff" benefits. But, the ASD (LA) memo cited above (footnote 2) says, "Why should the DOD fund the research, test the prototype and be responsible for working out all the high risk problems to support an undemonstrated commercial need?" How can the expense of developing some systems be justifiable based on their potential commercial applications and the V-22 not be?

One of the complex ideas to understand in this issue is affordability, which both OSD and Congress use to support their case. For instance, Congressman Weldon (R-PA) in testifying before the House Science and Technology Committee states: "One point which is little understood is that the Administration is not asking us to eliminate a multi-billion dollar program. They are asking us to choose between the V-22 and an older helicopter program to meet our requirements."¹³

Representative Weldon is one of the chief proponents of the V-22 on Capitol Hill. As such he has been attacked as advocating the program solely because it would be partially produced in his district. In countering these charges Weldon says, "Those who say that V-22 is 'pork,' must admit that any alternative will be somebody's pork project, with a local constituency and employment opportunities."¹⁴ It is worth noting that almost 40 states would have some stake in producing the V-22 and it is estimated that the program would employ about 35,000 people nationwide.

Besides "home state" politics, sources say that the various groups in Congress support the program for one or more of the following reasons:

- At least 62 audits or studies of the V-22 since 1982 have all found the V-22 to be the best MLR replacement.
- No one in DOD has yet questioned the MLR requirement.¹⁵
- Civilian applications. For example, it could greatly reduce the

¹³Statement of the Honorable Curt Weldon to the House Science and Technology Committee on July 17, 1990.

¹⁴Ibid.

¹⁵In fact the ASD (LA) memo of 16 Aug 90 (see footnote 2) points out, "The DOD has not openly opposed the V-22 on the issues of capability or reliability."

infrastructure required at airports. Also, because of its speed and range, oil platforms could be placed farther off shore, minimizing the environmental impact of potential oil spills. Remote areas such as those in Alaska would be more accessible, etc.

- The world is still a dangerous place, but conflicts with US involvement will most likely occur at the low end of the conflict continuum. Therefore, priority should be given to the development of conventional weapons over strategic weapons.
- If we do not build it Europe or Japan will, giving them still another competitive advantage.

In conclusion on the second axiom, the cost/affordability issue needs to be looked at once more. Because Secretary Cheney canceled "firm fixed price" contracts--and because the contractors are apparently losing close to \$446 million in developing the V-22--industry sources say that they would expect "a fair and reasonable" profit if the V-22 is contracted for full production. This could once and for all kill the program in a Congress looking for a "peace dividend" because the current estimated cost of each aircraft would be \$42 million (as compared to the F/A-18, which cost about \$30 million each in 1982.) The current requirement for 657 Ospreys (552 for the Marine Corps, 55 for the Air Force and 50 for the Navy) would undoubtedly have to be reduced if the price went up very much higher. This in turn would change per copy costs and cause other ripple effects.

THIRD AXIOM: "WHOSE" POSITION PREVAILS CAN BECOME MORE IMPORTANT THAN "WHICH" POSITION PREVAILS.

This is the key axiom in this case study. After former Senator John Tower's nomination as Defense Secretary was rejected by the Senate on March 9, 1989, the nomination of Secretary Cheney sailed through on a vote of 92-0. The vote was taken on March 17th after only two days of hearings. As a Congressman, Cheney was never a leading spokesman on military issues, but he did back such programs as the MX missile and SDI. His former colleagues on the Hill noted Cheney had shown himself to not be bound at all times by ideology, but suggested that he would be more inclined to protect strategic programs than conventional

ones while wielding the budget axe.¹⁶

When Cheney entered office his guidance from President Bush was to do just that--wield the budget axe. In his first month he had to put together the FY90 defense budget. Having swept aside many of the Reagan political appointees in the Pentagon, Secretary Cheney placed his trust in only a few individuals to help him wield the heavy budget axe. One of these was Dr. David S.C. Chu, who was well known to former Congressman Cheney.

However, more important to this issue than Dr. Chu's influence on the Secretary, Cheney was seeking an opportunity to demonstrate his leadership as the new chief of the largest executive department in the Federal government. In making the call on budget issues he found this leadership opportunity. By clipping the Osprey's wings he was telling both Congress and the military services: *I'm in charge here!*

Because Cheney has refused to negotiate or compromise on the V-22, ignoring explicit Congressional instructions on the program, many in Congress have reacted to this as a personal test of wills. And, as a result, some members support the V-22 just because the Secretary of Defense refuses to deal with them on the issue. How had Secretary Cheney forgotten so quickly what he had written during the MX and AWACS debates in 1986? In this similar type of debate between the executive and legislative branches he said,

"Congress is in the unique position of being both critic and coworker, partner and adversary in the national security arena. Such creative tension and debate can contribute to policy review. Ultimately decisions can reflect more accurately public values and interests."¹⁷

Why was he not letting Congress participate as a partner in the process this time? Perhaps many, such as Senator Bob Dole, have regretted their choice of words when considering Cheney's nomination as Defense Secretary. At the time

¹⁶"Cheney's reputation for compromise seen as budget-task plus", FORT WORTH STAR-TELEGRAM, April 15, 1989, p20.

¹⁷Alton Fry, "The MX and Strategic Policy," and Richard Cheney, "Commentary," in Hunter, et al. (eds), Making Government Work, (Boulder, CO: Westview Press, 1986), p195.

Cheney's nomination was announced by President Bush, Dole had said, "He's tough. That's what we wanted."¹⁸

CONCLUSION

Bureaucratic politics. To survive every organization must know how the game is played. As we have seen in this case study of the V-22 Osprey tiltrotor aircraft program, influence in bureaucracies is wielded unevenly by individuals and organizations. While the issue was long running, complex and multi-sided, in this case "whose" decision prevailed was more important than "which" decision prevailed. The personalities and abilities of the key participants here were far more important than was the "process" in determining the outcome.

¹⁸"Cheney's reputation for compromise seen as budget-task plus", FORT WORTH STAR-TELEGRAM, April 15, 1989, p20.